

EXHIBIT C

Reorg Research

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Puerto Rico

CORRECTION: Commonwealth Report Forecasts \$1.15B Treasury FY 2017 Closing Balance

Editor's Note: The story below has been amended to say that the Treasury Department's updated cash flow forecast included a cash balance of \$1.15 billion at the end of June, compared with \$291 million featured in the fiscal plan, representing an increase of \$859 million. A previous version of this article incorrectly stated the size of the cash balance increase.

Relevant Document:

[Treasury Single Account Cash Flow Report](#)

On Monday, the administration of Gov. Ricardo Rosselló released a cash flow report showing a \$1.4 billion actual cash balance in the Treasury Department Single Account as of May 26 and a re-forecast projected balance of \$1.15 billion at the close of fiscal year 2017 on June 30.

The re-forecast numbers show an increase in fiscal 2017 ending cash of \$859 million to \$1.15 billion, as compared with the forecasted balance in the commonwealth's fiscal plan, which projected \$291 million. Part of the discrepancy between the two forecasts can be attributed to a forbearance agreement reached in late April that delays an obligation to repay a \$400 million [Tax Revenue Anticipation Note loan](#) from the State Insurance Fund and two other public corporations, according to a footnote on the cash flow report. The fiscal plan had included \$272 million in TRANS payments from May 26 through the June 30 fiscal year end, which directly diminished the TSA closing balance.

Some sources familiar with the situation say the report calls into question the commonwealth's claims of insolvency. Besides the higher cash balance at the end of fiscal 2017 - which factors in the TRANS forbearance - the sources also say the cash flow report shows that supplier payments are being made despite the commonwealth bond defaults, with a total \$3.28 billion in supplier payments for the year.

The document is part of the information the administration made public related to a [lawsuit](#) filed by the journalists group Centro de Periodismo Investigativo. The lawsuit seeks a range of documents and communications exchanged between the administration and the PROMESA oversight board, including financial reporting and communications, reports, updates and other information exchanged between the entities. The group filed a similar lawsuit against the board in federal court.

In a written statement, Centro Executive Director Carla Minet said the commonwealth also clarified that the cash flow report is not published and is updated weekly. The administration also released a [summary of bond payments](#) that mature during the first quarter of calendar year 2017 and detailed which payments were made and which payments were missed. Commonwealth officials told Centro officials that only past-due maturities are included and that it cannot include future maturing bond payments for reasons based on "attorney-client privilege." The government also delivered boxes of statements from government accounts at commercial banks, but Minet said the government failed to respond to many of its requests, including exchanges of information and communications between the administration and the board.

Although the administration released part of the information sought by the lawsuit, officials said in court papers filed Monday that the administration reserves the right to challenge the lawsuit on its merits. It also asked that the lawsuit be removed from local court and be assigned to Judge Laura Taylor Swain as a matter related to the Puerto Rico's Title III case in federal court.

The [notice of removal](#), filed by Justice Secretary Wanda Vázquez and Deputy Secretary in Charge of Litigation Wandymar Burgos Vargas, said while the complaint is filed against the governor in his

official capacity, “it is directly aimed at the government of the Commonwealth of Puerto Rico – it seeks the Commonwealth’s documents, not just the Governor’s. And it seeks to invade privileges that belong to the Commonwealth, not just the Governor.”

The notice of removal also states that the lawsuit also seeks materials created prior to the commencement of the Title III case and that the suit could have commenced prior to the Title III case. “At best, this matter is an artful attempt at dodging the automatic stay. At worst, it violates the stay,” the document states.

“But in any event, the action’s entire purpose is to obtain documents and information from the Commonwealth which will undoubtedly be sought in many of the adversary proceedings pending before the court in the Title III case. Removal of this matter is thus both justified under the law and necessary to avoid the risk of disparate or inconsistent rulings on important discovery and evidentiary issues as well as critical privilege issues,” the document adds.

The notice states that the governor “generally supports the release of relevant information to the extent permitted by law and said the administration “will make public appropriate information in response to the lawsuit as part of their efforts at transparency.” However, the court filing noted that the plaintiffs “seeks every document exchanged between these parties up through May 3, 2017” and made clear in a footnote that it would reserve the right to challenge the petition on the merits, as well as argue that this litigation is precluded by the provisions of PROMESA that immunize the fiscal plan from review or oversight by a court or the Puerto Rico legislature. The notice argues that only the PROMESA board has the sole discretion to review the fiscal plan and commonwealth budgets.

In seeking the removal of the case to federal court, the administration cites PROMESA Section 306, which allows for the removal of claims over which the District Court has federal subject matter jurisdiction under PROMESA to the court in which a Title III Proceeding is pending. The notice argues that the federal court “has original jurisdiction of all cases “arising in” or “related to” cases under Title III of PROMESA.”

The notice of removal also cites the requirement under PROMESA Section 106(a) (48 U.S.C. § 2126(a)) that “any action against the Oversight Board, and any action otherwise arising out of this chapter, in whole or in part, shall be brought in a United States district court for the covered territory.” The notice indicates this section is relevant because the “plaintiff filed a materially similar complaint against the [board] in this district pursuant to this statute.”

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Puerto Rico Department of Treasury

Treasury Single Account ("TSA") Cash Flow Actual-to-Forecast Comparison

As of May 26, 2017

Puerto Rico Department of Treasury
TSA Cash Flow Actual + Re-Forecast

As of May 26, 2017

Cash Flows Before Cliffs, Measures and Debt (figures in \$mm)		Actual 5/26	Fcst-1 6/2	Fcst-2 6/9	Fcst-3 6/16	Fcst-4 6/23	Fcst-5 6/30	Total FY 2017
1	General Collections	\$81	\$37	\$52	\$127	\$512	\$50	\$8,485
2	Sales and Use Tax	110	4	5	18	14	171	1,703
3	Excise Tax through Banco Popular	--	--	--	57	--	--	619
4	Rum Tax	--	14	--	--	24	--	217
5	Electronic Lottery	--	--	--	--	14	17	166
6	Subtotal	\$191	\$56	\$57	\$202	\$564	\$238	\$11,191
7	Employee/Judiciary Retirement Admin.	--	--	--	56	--	--	635
8	Teachers Retirement System	--	--	--	--	--	--	272
9	Retirement System Transfers	--	--	--	\$56	--	--	\$906
10	Federal Funds	83	36	96	99	103	116	5,580
11	Other Inflows	1	2	3	13	3	3	320
12	Tax Revenue Anticipation Notes	--	--	--	--	--	--	400
13	Total Inflows	\$275	\$93	\$156	\$370	\$670	\$356	\$18,398
14	Payroll and Related Costs	(75)	(20)	(22)	(106)	(52)	(111)	(3,575)
15	Pension Benefits	(85)	--	--	(82)	--	(87)	(2,059)
16	Health Insurance Administration - ASES	(19)	(1)	(53)	(53)	(53)	(62)	(2,608)
17	University of Puerto Rico - UPR	(15)	(31)	(18)	(18)	(18)	(24)	(872)
18	Muni. Revenue Collection Center - CRIM	(17)	--	(15)	(15)	(0)	(19)	(430)
19	Highway Transportation Authority - HTA	(19)	--	--	--	--	(19)	(155)
20	Public Buildings Authority - PBA / AEP	(7)	(6)	(4)	(4)	(4)	(4)	(162)
21	Other Governmental Entities	(9)	(28)	(3)	(22)	(6)	(68)	(715)
22	Subtotal - Government Entity Transfers	(\$86)	(\$66)	(\$93)	(\$112)	(\$81)	(\$197)	(\$4,942)
23	Supplier Payments	(70)	(62)	(61)	(61)	(61)	(59)	(3,284)
24	Other Legislative Appropriations	(2)	(4)	(12)	(20)	(6)	(5)	(555)
25	Tax Refunds	(16)	(21)	(16)	--	--	--	(651)
26	Nutrition Assistance Program	(44)	(16)	(37)	(30)	(70)	(20)	(2,010)
27	Other Disbursements	--	--	--	--	--	--	(16)
28	Contingency	(71)	(65)	(65)	(65)	(65)	(65)	(395)
29	Tax Revenue Anticipation Notes (a)	--	--	--	--	--	--	--
30	Total Outflows	(\$449)	(\$254)	(\$305)	(\$476)	(\$335)	(\$543)	(\$17,492)
31	Net Cash Flows Excluding Debt Service, Fiscal Cliffs and Measures	(\$174)	(\$161)	(\$150)	(\$106)	\$335	(\$187)	\$905
32	Bank Cash Position, Beginning (b)	\$1,591	\$1,418	\$1,257	\$1,107	\$1,001	\$1,336	\$244
33	Bank Cash Position, Ending (b)	\$1,418	\$1,257	\$1,107	\$1,001	\$1,336	\$1,150	\$1,150

Footnotes:

(a) Per forbearance agreement signed the week of 4/28/17, repayment of TRANS has been deferred.

(b) Excludes BPPR Clawback Account (for clawback revenues prior to June 2016) of \$146 million.

Puerto Rico Department of Treasury
TSA Cash Flow Actual-to-Forecast Comparison

As of May 26, 2017

Favorable / (Unfavorable) Variance in Cash (figures in \$mm)		Actual 5/26	Fcst - 1 6/2	Fcst - 2 6/9	Fcst - 3 6/16	Fcst - 4 6/23	Fcst - 5 6/30
1	General Collections	\$22	(\$7)	(\$7)	(\$7)	(\$8)	(\$7)
2	Sales and Use Tax	(\$7)	-	-	-	-	-
3	Excise Tax through Banco Popular	-	-	-	-	-	-
4	Rum Tax	-	14	-	-	2	-
5	Electronic Lottery	-	-	-	-	-	(20)
6	Subtotal	(\$35)	\$8	(\$7)	(\$7)	(\$6)	(\$27)
7	Employee/Judiciary Retirement Admin.	-	-	-	-	-	-
8	Teachers Retirement System	-	-	-	-	-	-
9	Retirement System Transfers	-	-	-	-	-	-
10	Federal Funds	(40)	(13)	(3)	(8)	(4)	(5)
11	Other Inflows	1	(10)	3	13	3	(9)
12	Tax Revenue Anticipation Notes	-	-	-	-	-	-
13	Total Inflows	(\$75)	(\$15)	(\$8)	(\$3)	(\$7)	(\$40)
14	Payroll and Related Costs	21	(1)	-	(11)	4	(5)
15	Pension Benefits	2	-	-	-	-	-
16	Health Insurance Administration - ASES	33	6	-	-	-	(8)
17	University of Puerto Rico - UPR	3	(26)	(18)	18	-	-
18	Muni. Revenue Collection Center - CRIM	(9)	-	(15)	-	8	8
19	Highway Transportation Authority - HTA	(19)	19	-	-	19	-
20	Public Buildings Authority - PBA / AEP	(7)	(2)	-	-	-	-
21	Governmental Development Bank - GDB / BGF	-	(2)	-	-	-	-
21	Medical Services Administration - PRMSA / ASEM	5	(7)	-	-	-	-
21	Agricultural Enterprises Development Admin. - AEDA	(2)	2	-	0	(0)	(6)
21	PR Integrated Transport Authority - PRITA / ATI	1	(0)	-	-	-	1
21	PR Fiscal Agency and Financial Advisory Authority - AAFAF	(3)	-	-	1	-	-
21	Automobile Accident Compensation Admin. - AACA	(3)	3	-	(3)	3	-
21	Compulsory Liability Insurance	3	-	-	-	-	-
21	PRIDCO	2	(6)	-	-	-	-
22	Subtotal - Government Entity Transfers	\$4	(\$12)	(\$33)	\$16	\$30	(\$6)
23	Supplier Payments	(3)	(8)	4	4	4	7
24	Other Legislative Appropriations	3	(0)	(12)	(4)	16	-
25	Tax Refunds	15	(19)	(15)	4	6	41
26	Nutrition Assistance Program - PAN / EBT	(8)	0	-	-	-	-
27	Other Disbursements	-	4	-	-	-	4
28	Contingency	(42)	(42)	(42)	(42)	(42)	(42)
29	Tax Revenue Anticipation Notes (a)	-	137	-	-	-	135
30	Total Outflows	(\$7)	\$58	(\$98)	(\$33)	\$18	\$133
31	Net Cash Flows Excluding Debt Service, Fiscal Cliffs and Measures	(\$82)	\$43	(\$105)	(\$36)	\$11	\$93
32	Bank Cash Position, Beginning (b)	\$935	\$853	\$896	\$791	\$755	\$766
33	Bank Cash Position, Ending (b)	\$853	\$896	\$791	\$755	\$766	\$859

Footnotes:

(a) Per forbearance agreement signed the week of 4/28/17, repayment of TRANS has been deferred.

(b) Excludes BPPR Clawback Account (for clawback revenues prior to June 2016) of \$146 million.

Accounts Payable Summary

As of May 26, 2017

Figures in \$000s

	Checks in Vault (a)	Recorded AP (b)	Unrecorded AP (c)	Total AP
Department of Education	\$3,535	\$26,627	\$115,114	\$145,276
PRIFAS 7.5	10,984	57,432	64,491	132,906
Department of Health	3,000	24,353	57,056	84,409
ASSMCA	—	763	1,465	2,228
JCA	—	1,534	4,559	6,093
Treasury Department CKS	3	2,236	—	2,240
Total	\$17,522	\$112,945	\$242,686	\$373,152

Footnotes:

(a) Refers to checks issued but kept in vault.

(b) Refers to invoices/vouchers approved for payment by the agencies but checks not released.

(c) Refers to invoices not recorded in the system for payment.